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INTELLIGENCE MEMORANDUM

DEVELOPMENTS IN THE SOCIALIZATION OF AGRICULTURE  
IN COMMUNIST CHINA

CIA/RR IM-386

7 May 1954

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FOREWORD

This memorandum is a periodic review of the program of the Chinese Communist regime to extend its control over agricultural resources and production.\* It assesses the effects of the program on agricultural production and gives various measurements of the extent to which the regime has carried out each of the phases of its program of socialization of agriculture. The assessment of the effects on agricultural production is purely qualitative. It has proved impossible to make a quantitative estimate that would separate these effects from those attributable to other causes, notably weather.

The word socialization is used as a general descriptive term for all phases of the Chinese Communist agricultural program. Socialization of agriculture thus covers activities as diverse as land reform and the organization of state and collective farms. The description of these activities applies only in a general way. The actual execution of the program varies widely from place to place at any given moment.

\* This memorandum supersedes CIA/RR IM-370, Socialization of Chinese Agriculture, 24 November 1952. S.

- iii -

S-E-C-R-E-T

S-E-C-R-E-T

CONTENTS

	<u>Page</u>
Summary . . . . .	1
1. Introduction . . . . .	3
2. Stages in Socialization . . . . .	4
a. Stage 1: Land Reform . . . . .	5
b. Stage 2: Mutual Aid Teams . . . . .	7
c. Stage 3: Agricultural Producer Cooperatives . . . . .	10
d. Stages 4 and 5: Advanced Socialized Organizations . . . . .	12
3. Miscellaneous State Organizations . . . . .	15
4. Importance of Socialization: Comparison of the USSR and Communist China . . . . .	16
5. Conclusions . . . . .	17

Appendixes

Appendix A. Inconsistencies in Chinese Communist Claims with Reference to the Socialization of Agriculture . . . . .	19
Appendix B. Area Data on the Socialization of Agriculture in Communist China . . . . .	21
Appendix C. Sources and Evaluation of Sources . . . . .	29

Tables

1. Proportion of Peasant Households Organized in Communist China, 1950-53 and 1954 Plan . . . . .	8
2. Organization of Mutual Aid Teams in Communist China, 1951-53 . . . . .	9

- v -

S-E-C-R-E-T

S-E-C-R-E-T

	<u>Page</u>
3. Organization of Agricultural Producer Cooperatives in Communist China, 1951-53, 1954 Plan, and 1957 Plan .	11
4. Development of Socialization in Communist China, 1950-54, and in the USSR, 1928-32 . . . . .	17
5. Proportion of Peasant Households Organized in Communist China by Major Administrative Area, 1950-53 and 1954 Plan . . . . .	21
6. Organization of Mutual Aid Teams in Communist China by Major Administrative Area, 1951-53 . . . . .	24
7. Organization of Agricultural Producer Cooperatives in Communist China by Major Administrative Area, 1951-53 and 1954 Plan . . . . .	25

Chart

Schematic View of the Socialization of Agriculture in Communist China. . . . .	4
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CIA/RR IM-386  
(ORR Project 21.151)

S-E-C-R-E-T

DEVELOPMENTS IN THE SOCIALIZATION OF AGRICULTURE  
IN COMMUNIST CHINA\*

Summary

The socialization of agriculture in Communist China\*\* up to the end of 1953 represents a flexible and shrewd attempt of the Chinese Communist regime to achieve a favorable balance between the extension of political and economic control and the maintenance of agricultural output. The socialization program has had adverse effects on output, but decreases in production caused by this program cannot be separated from the larger increases and decreases in output caused by other variables, of which weather has been the most important.

The Chinese Communists have programmed the development of their economy toward the goal of creating an industrialized nation. The requisite investment program for the accomplishment of their objectives is large in relation to the level of living, the technological base, and the state of development of resources in Communist China. Under these circumstances a program of forced savings, either for internal investment or for payments for capital goods imports, is an important part of domestic policy. Inasmuch as the agricultural sector of the economy still produces the single greatest share of the national wealth, it is of crucial importance to the success or failure of Communist economic goals.

In order to increase their political and economic control over agriculture, the Chinese Communists have been organizing the peasantry into cooperative farming organizations. The extent of the program is indicated by the percentage of peasant households organized from 1950 to 1953 and in the 1954 Plan:

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\* The estimates and conclusions contained in this memorandum represent the best judgment of the responsible analysts as of 31 March 1954.

\*\* The term Communist China as used in this memorandum includes the 22 provinces of China proper, the 6 provinces of the area called Manchuria, and the Inner Mongolia Autonomous Region. It excludes the Autonomous Region of Tibet.

S-E-C-R-E-T

S-E-C-R-E-T

<u>Year</u>	<u>Percent*</u>
1950	10
1951	20
1952	40
1953	43
1954 Plan	58

Since the total peasant population of Communist China is about 360 million, it is a considerable achievement, in absolute terms, for the regime to have acquired some degree of control over the work of 2 out of 5 peasant households. Most of these households, however, have been organized only in the most primitive stage of socialized agriculture -- that is, in Mutual Aid Teams. In 1953 the Communists claimed that there were 10 million of these teams as against only 15,000 Agricultural Producer Cooperatives and a very few (on the order of 100) collective and state farms.

A comparison of the Chinese Communist program of socialization with the process as carried out in the USSR can be misleading. One aspect, however, is clear. When forced collectivization occurred in the USSR, agricultural production dropped sharply. Up to the present the Chinese Communists have avoided large decreases in agricultural production. It appears that their intention is to continue a socialization program designed to avoid significant decreases in agricultural output.

Planning for further agricultural socialization in 1954 emphasizes the formation of Agricultural Producer Cooperatives at a greater pace than in previous years. The numbers of these organizations formed in 1951-53 and planned for 1954 and 1957 are as follows:

<u>Year</u>	<u>Number</u>
1951	400
1952	4,000
1953	15,000
1954 Plan	35,800
1957 Five Year Plan	800,000**

\* Cumulative percentage of all peasant households. The figures include all stages of organization.

\*\* To include 20 percent of all peasant households.

S-E-C-R-E-T

The accomplishment of the 1954 Plan of 35,800 cooperatives appears feasible. In fact, the Communists have already indicated that as many as 45,000 cooperatives may be formed in 1954. As for the plan to form 800,000 cooperatives by the end of 1957, some difficulties may be encountered by the government. The Chinese Communists have stated that cooperatives would be the "prevailing form of production" in the North and Northeast. If the organization of peasants to this extent in the North and Northeast has adverse effects on agricultural output, the government may choose to revise its 5-year goals or else form more cooperatives in other regions and fewer in the North and Northeast. With a base of 8 million to 10 million Mutual Aid Teams in the country and the alternative of forming cooperatives on a less concentrated basis, the plan of 800,000 cooperatives at the end of 1957 does not seem impossible. It should not be considered, however, as a fixed goal, for the government has demonstrated in the past a flexibility in carrying out plans when difficulties arise.

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1. Introduction.

Since gaining military control of the Chinese mainland in 1949, the Chinese Communist government has carried out a series of institutional changes in agriculture. The ultimate goal of the government is the absorption of all private holdings in collective and state farms, in which the land and operating capital belong to the state and the agricultural workers receive wages. Achievement of this goal will assure the government of its present objective -- that is, control over the disposition of agricultural production. The immediate goal of the Chinese Communist program is to carry on the socialization process without seriously disrupting production.

Three propositions sum up the problems which the Chinese Communists face. These general propositions are as follows:

a. A large share of the savings necessary for investment in the industrialization of China must be drawn from the agricultural sector of the economy.

- 3 -

S-E-C-R-E-T

S-E-C-R-E-T

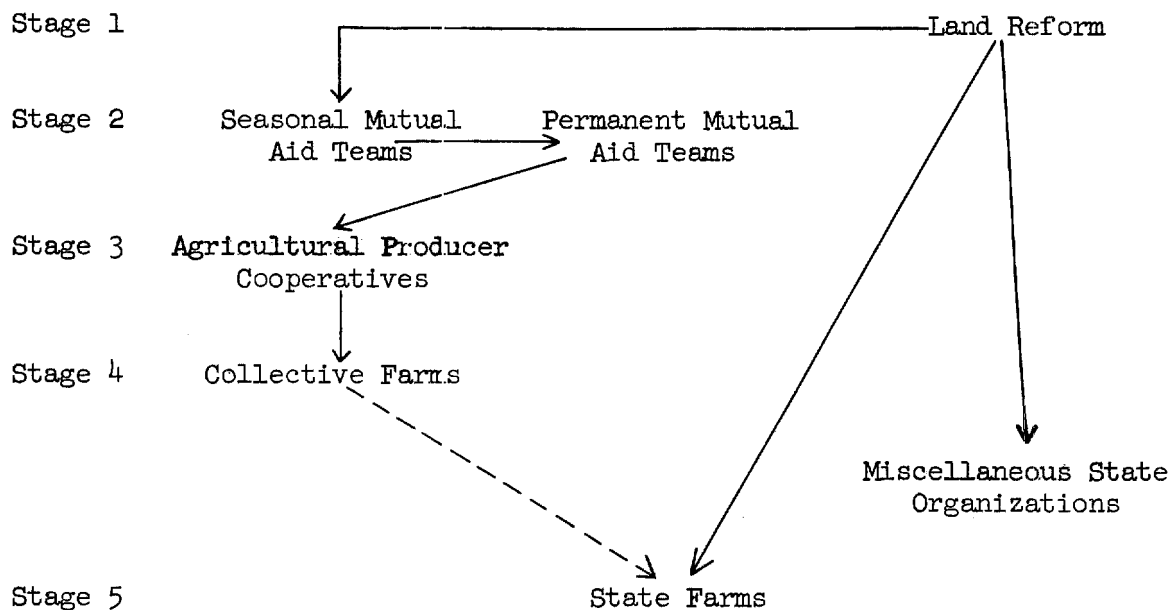
b. An aggressive procurement and control program, associated with the socialization of agriculture, adversely affects agricultural output.

c. A weak procurement and control program, generally leaving undisturbed or only slightly modified the traditional forms of agriculture, fails to secure as high a level of forced savings but generally does not seriously disrupt agricultural production.

2. Stages in Socialization.

For the Chinese Communists the path to agrarian socialization leads through several steps, 1/\* as shown in the accompanying chart.

Schematic View of the Socialization of Agriculture  
in Communist China



\* Footnote references in arabic numerals are to sources listed in Appendix C.

S-E-C-R-E-T



S-E-C-R-E-T

Thus far, the redistribution of land has been completed, and seasonal Mutual Aid Teams have been formed. From these, a smaller number of permanent Mutual Aid Teams have in turn been formed. Some have gone on into Agricultural Producer Cooperatives, but the progression has generally stopped here. Collective and state farms seem to have as yet a theoretical rather than a practical importance. Communist theory does point to the state farms as the final institutional form to precede the "withering away of the state,"\* but state farms as well as collectives are as yet playing insignificant roles. There are no known examples of collectives being reorganized into state farms. Thus in the chart a broken line indicates the doubtful importance of this particular transition at this time.

It must be recognized that these institutional changes are not independent in time. In China the redistribution of land and the establishment of collectives and state farms were carried on concurrently. At present, Mutual Aid Teams, Agricultural Producer Cooperatives, and state farms are all being organized adjacently in both a geographic and a time sense. There is no theoretical necessity, moreover, for the step-by-step evolution through all of the institutional changes. In the schematic view of agrarian socialization given in the chart this is shown by the direct line leading from land reform to state farms.\*\*

a. Stage 1: Land Reform.

The confiscation and redistribution of land, commonly termed "land reform,"\*\*\* were completed in China in 1953. The outstanding feature of land reform was the tremendous organizational and administrative challenge which it offered the Communist regime and the manner

\* 'It is no secret that the kolkhoz is officially considered a lower form of socialism [than the sovkhoz] and that, ipso facto, it must become an integral part of "consistent" socialism before any transition to rural Communism is secured.' 2/

\*\* Although there are cases of the direct formation of state farms in Communist China (for example, the Lutai State Farm), 3/ there are no known cases of the formation of collectives without prior evolution of the members of the collectives through Mutual Aid Teams and Agricultural Producer Cooperatives. It is possible that this has occurred, but known data suggest otherwise.

\*\*\* Land reform is a sweeping term which includes also the confiscation and redistribution of draft animals, farm implements, houses, surplus grains, and other forms of wealth. 4/

S-E-C-R-E-T

S-E-C-R-E-T

in which that challenge was met. The degree of success attained is impressive, considering the numbers of people and areas of land involved and the cultural setting in which the reform was carried out.

By and large, the land reform program affected, in varying degrees, a rural population of some 420.9 million persons, of whom about 360,670,000 may be classified as the peasant population. An area of about 46.7 million hectares, or almost half of the total cultivated land in the country, was involved in the redistribution. <sup>5/</sup> Yet the program was carried to completion in a period of about 5 years. It was carried out, moreover, with a fair amount of flexibility. The maintenance of agricultural production, at least through this stage of the socialization program, appeared as important in the eyes of the regime as did the ideological drive to get the program completed. A good example of this flexibility was the adaptation of the tempo of the land reform program to the slack work seasons of agricultural production. <sup>6/</sup> This is not to say that the program was carried through without errors, confusions, or "deviations."\* But it is to say that a tremendous institutional change was carried out without production losses so severe as to endanger the political control of the regime.

The land reform program did result in a number of economic changes adversely affecting agricultural production. For one thing, it increased the fragmentation of land. According to one US estimate, <sup>8/</sup> the acreage per farmer is 14 percent smaller since land reform.\*\* The small size of Chinese farms prior to land reform resulted in the underemployment of many Chinese farmers. The further fragmentation resulting from the land reform probably has produced an even greater degree of underemployment than existed previously. Furthermore, it has probably lowered the average level of management. As a corollary to this increased fragmentation and in conjunction with a heavy agricultural tax burden, the Chinese peasant has lower incentives for production than previously. In addition, there are psychological difficulties associated with expectations of further institutional changes. Other depressive factors

\* This term is used by the Communists. "Rightist deviation" would be failure to carry out land reform with sufficient vigor. "Leftist deviation" would be the carrying out of land reform in a more extreme fashion than warranted by the government's directive. An example of the latter appears in the regime's efforts to repress the liquidation of rich peasants. <sup>7/</sup>

\*\* Since tenants and hired hands received land in the redistribution process, nearly every peasant in the country became an owner operator. The smaller average holding is a result of the increase of owner operators.

S-E-C-R-E-T

S-E-C-R-E-T

associated with land reform were the destruction of the rural credit structure and the loss of draft animals and other production supplies.

It is not possible to measure the impact of these variables separately from the effects of weather, the use of fertilizer, flood control and irrigation, and other factors which act on output in either the same or the opposite directions. Economic logic, however, dictates the qualitative conclusion that the factors of economic significance associated with land reform have had adverse effects on agricultural output. Apparently the Chinese Communists expect to eliminate many of these economic disabilities by moving on to and through other stages of socialization.

b. Stage 2: Mutual Aid Teams.

Mutual Aid Teams may be formed in varying degrees of organization. Up to four degrees of organization may be distinguished, 9/ but a generalized description of two types will serve to give the essential differences.

The first type is the simple Mutual Aid Team. It is generally based on labor exchange during peak working seasons. This type of Mutual Aid Team corresponds to the traditional labor exchange practices of Chinese village agriculture. It is temporary and seasonal.

The second type is the permanent Mutual Aid Team. It has varying features but may include the following specific ones: (1) combination of farming with subsidiary rural occupations; (2) adoption of simple production plans for the entire team; (3) elementary division of labor; and (4) a certain amount of common property, generally operating capital such as implements and draft animals. 10/

By far the largest number of peasants organized belong to Mutual Aid Teams. Table 1\* indicates the peasant population subject to socialization, showing the development of the program; its present status; and, where available, the plans for organizing the peasants. Table 1 shows that, on the basis of Communist claims, about 2 out of every 5 peasant households were engaged in some form of socialized farming by the end of 1953. The plan for 1954 envisions the organization of nearly 6 out of every 10 peasant households.

\* Table 1 follows on p. 8.

S-E-C-R-E-T

S-E-C-R-E-T

Table 1

Proportion of Peasant Households Organized  
in Communist China  
1950-53 and 1954 Plan a/

<u>Year</u>	<u>Percent <u>b/</u></u>
1950	10 <u>11/</u>
1951	20 <u>12/</u>
1952	40 <u>13/</u>
1953	43 <u>14/</u>
1954 Plan	58 <u>c/</u>

a. Compare with the area figures given in Appendix E. Weighted area averages for the various years will not necessarily total to the all-China claims.

b. Includes all stages of organization, though Mutual Aid Teams constitute an overwhelming preponderance.

c. Calculated from area percentages given in Appendix B. The 1953 figure for Inner Mongolia is carried over into 1954. Tibet is excluded.

In tracing the trend of organization from 1950 to date, it is interesting to note the apparent relaxation of the drive in 1953, when the percentage of the population organized rose only 3 percent above the 1952 figure. This relaxation may be more apparent than real.\* There are a number of indications that 1953 was a year of reexamination and consolidation. In the Southwest, for instance, it was admitted that many of the Mutual Aid Teams formed in 1952 existed in name only. 15/ In the North the summer of 1953 saw a campaign of correction for the deviations of "rash advance" in the movement for mutual aid and cooperation. 16/ In the Northeast the campaign for

\* Communist statistics must be treated with reserve. The 3-percent increase in organized peasants does not appear sufficiently large to allow for the increase of 1.7 million Mutual Aid Teams shown in Table 2 (p. 9, below). A short discussion of the differing sizes of Mutual Aid Teams is given in Appendix A.

S-E-C-R-E-T

S-E-C-R-E-T

reorganization and consolidation was carried to such an extent that there was a decrease in the number of Mutual Aid Teams as compared with 1952. 17/ Thus 1953 appears to be a year not so much of decreased emphasis on socialization as of consolidation of past efforts. The plan figures in Table 1 also indicate that the period of consolidation is now over and that 1954 plans call for a resumption of activity similar to that of 1952.

Table 2 indicates, insofar as the data allow, the trend of organization as revealed by the formation of Mutual Aid Teams.

Table 2

Organization of Mutual Aid Teams  
in Communist China a/  
1951-53

Millions	
Year	Number
1951	4.3 <u>18/</u>
1952 (July)	6.0 <u>b/ 20/</u>
1952 (December)	8.3 <u>21/</u>
1953	10.0 <u>22/</u>

a. Compare with the area figures given in Appendix B. Area figures for the various years will not necessarily total to the all-China claims.

b. Twenty percent of the teams formed by July 1952 were on a permanent basis. 19/

Table 2 indicates that some 10 million Mutual Aid Teams were formed in China by the end of 1953. The numbers of persons in these teams would be roughly 145 million to 155 million.\* Perhaps as many

\* Since the percentage of households organized (shown in Table 1, above) is so highly correlated with the number of Mutual Aid Teams, an estimate of 145 million to 155 million in Mutual Aid Teams may be approximately correct, on the basis of a peasant population of 360,670,000.

S-E-C-R-E-T

S-E-C-R-E-T

as one-fifth of the 10 million teams were on a permanent basis. The data in Table 2 are fragmentary as compared with those in Table 1. But the tables are complementary to each other, since the numbers of persons organized and the numbers of Mutual Aid Teams founded are highly correlated.\*

The slowdown in organizational activities in 1953 was not in conformity with the plans. As late as mid-March the goals were that 2 out of every 3 peasants should be farming in teams by the end of the year. 23/ This goal was not reached (only 43 percent of the peasants having been organized), and the plans for 1954 call for only 6 out of 10 persons to be farming in teams by the end of 1954.

c. Stage 3: Agricultural Producer Cooperatives.

The Agricultural Producer Cooperative is to be formed from permanent Mutual Aid Teams that are deemed to have standards sufficiently high to make the transition. There are various degrees of organization among cooperatives, but they have essential characteristics in common. In essence they are a form of cooperative use of land and labor in production. 24/ While private ownership of land is retained, land management and production planning are unified. Tools, draft animals, and other operating capital may pass to or be acquired by the cooperative. Returns to individual members are based both on their labor contributions and on the amount of land that they have in the cooperative. 25/

Care should be taken not to confuse the Agricultural Producer Cooperative and the collective. The fundamental distinction is in the possession (title) of the land involved. In the cooperative, private and individual claims on land are retained, and the peasant may receive payment for his contribution of both land and labor. In the collective, private and individual claims on land are forfeited, the collective as a collective holds title to the land, and the peasant is paid only for his labor. This distinction is of considerable importance, especially from a psychological point of view. The transition from cooperative to collective tends to disrupt production because of the peasant's resistance to giving up his claims on a specific piece of land.

\* Tables 1 and 2 are complementary, but as pointed out on page 8, Communist claims are not always consistent. See Appendix A.

S-E-C-R-E-T

S-E-C-R-E-T

Table 3 indicates that 1954 is to be an important year in the organization of Agricultural Producer Cooperatives. If the drive is carried through without a reversal of policy, it would appear that a period of considerable activity is ahead. Table 3 shows the trends and plans for socialization of agriculture, to the extent to which they are revealed by the formation of Agricultural Producer Cooperatives.

Table 3

Organization of Agricultural Producer Cooperatives  
in Communist China a/  
1951-53, 1954 Plan, and 1957 Plan

<u>Year</u>	<u>Number</u>
1951	400 <u>26/</u>
1952	4,000 <u>27/</u>
1953	15,000 <u>28/</u>
1954 Plan	35,800 <u>b/ 29/</u>
1957 Plan	800,000 <u>c/ 30/</u>

a. Compare with the regional figures given in Appendix B. Regional numbers for the various years will not necessarily total to the all-China claims.

b. Early in 1954, official claims indicate a possible overfulfillment to 45,000 Agricultural Producer Cooperatives.

c. The cooperatives formed by 1957 are to include 20 percent of all peasant households. With 10 million Mutual Aid Teams as a base, the increase from 1954 to 1957 is not so great as it may appear.

It is clear from Table 3 that as yet the Agricultural Producer Cooperative is a relatively minor development of the socialization movement. Assuming the successful development of 45,000 cooperatives in 1954 (as indicated by official claims), and

S-E-C-R-E-T

S-E-C-R-E-T

pro-rating the 5-year goal of 800,000 cooperatives planned to include 20 percent of the peasant households, it appears that the 1954 drive for cooperatives would involve only about 1 percent of total peasant households. With a base of 8 million to 10 million Mutual Aid Teams, this plan appears possible. Such a program probably will not serve as a significant impediment to agricultural production.\*

d. Stages 4 and 5: Advanced Socialized Organizations.

After the Agricultural Producer Cooperative the next stage of socialized agriculture in Communist China is the collective. To date, the advance into this stage has been extremely tentative. In the autumn of 1952 there were about 10 collective farms in all of China, most of them located in either the North or the Northeast. 32/ The last announcement about collectives indicated that in March of 1953 there were 23 collective farms in all of China. 33/\*\*

Negative evidence also points toward a lack of emphasis in the formation of collectives. Two points are worthy of note in this context: first, the paucity of reports on collectives in Chinese propaganda since the spring of 1953, contrasted with the large volume of reports on the formation of Agricultural Producer Cooperatives, and, second, the omission of a figure for collectives in plan announcements for 1954. Some positive evidence, moreover, points to the conclusions that the Chinese experience with collectives has been disappointing and that the organization of collectives will not be pressed in the immediate future. For example, in August 1953 the Heilungkiang Provincial Party Committee in a report to the Northeast Bureau of the Chinese Communist Party remarked, "The plan /1953 Five Year Plan for Heilungkiang/ calls for 100 collective farms to be established with 100 households in each. This all fails to coincide with the facts.

\* It may be stated here that one qualification should be attached to this paragraph. The government has announced that Agricultural Producer Cooperatives would be the "prevailing form of production" in North and Northeast China. 31/ This would continue the past pattern of greater concentration of organized farming in these areas. Such a program would increase the possibility of production difficulties in the North and Northeast.

\*\* Since March 1953 there have been announcements of the founding of individual collectives. Examples are the Yenpien collective 34/ and a new collective fruit farm. 35/

S-E-C-R-E-T



S-E-C-R-E-T

... As for collective farms, it is very difficult to maintain the two now existing and quite useless to think of forming new ones." <sup>36/</sup> In sum, it may be said that the Chinese Communists appear as yet unready to press for the collective (or kolkhoz) form of institutional organization on a nationwide scale.

Another advanced institutional form is the state farm. Although variations exist, there are apparently two main types. One is the "large mechanized" state farm (sovkhos), which is under the supervision of either the provincial or the regional governmental organs, and the other is the state farm which is either not mechanized or only partially mechanized. Some of the latter group may be under the control of provincial or regional levels, but an overwhelming majority of them are under the control of hsien (an administrative unit roughly comparable to a county) or other local governmental units.\*

Reports of the number of state farms in China as a whole in 1953 are not available. At the end of 1952 there were 2,219 state farms, of which 52 were of the "large mechanized" type. <sup>38/</sup> Plans for 1953, however, indicate that there probably were more than were announced for 1952.\*\* The lack of announcements in 1953 (in contrast with 1952) about the wholesale formation of state farms seems to indicate that the 1953 consolidation of 1952 activities extended to the state farms as well as to Mutual Aid Teams and Agricultural Producer Cooperatives.

To date, the formation of state farms has avoided confiscation of holdings that were given to peasants in the period of land reform. During the process of land reform the state apparently reserved to itself land with the eventual view of forming state farms. <sup>40/</sup> In some cases the reserved lands were segmented, and the formation of state farms involved consolidation by the process of exchanging state lands for private holdings. <sup>41/</sup> While this operation engendered peasant resentment, it was not so provocative of resentment as would have been actual confiscation. Another device, extensively used, is the

\* Government-operated farms in East China increased from 401 in 1951 to 718 in 1952. Seventy-three farms are under the jurisdiction of Special Districts; 371, under hsien or municipal governments; and 268, under ch'u (administrative unit below hsien) governments. <sup>37/</sup>

\*\* The 1953 plan for the Northwest was the formation of 5 new state "mechanized" farms and 115 smaller state farms. <sup>39/</sup> It is reasonable to assume that some degree of plan fulfillment occurred.

S-E-C-R-E-T

S-E-C-R-E-T

formation of state farms on reclaimed wastelands or in areas where a smallholder could not operate economically at a primitive technological level. 42/

In the short run, state farms are not regarded as an institutional form suitable for the mass of peasantry. At the same time, the establishment and operation of a few state farms during the present era of Communism in China has solid pragmatic foundations. A semiofficial view of the political and economic tasks of state farms was clearly stated in August 1953 as being 43/:

(1) The successful operation of existing state farms in order to make them play an exemplary role for Agricultural Producer Cooperatives and to influence the peasants politically; they are to cooperate closely with the peasants and render them technical guidance and assistance.

(2) The systematic accumulation of experience and the training of cadres for operation, management, and technical and political work in preparation for conducting collectivized and mechanized agriculture on a large scale in the future.

(3) The fulfillment of the task of delivering grain, industrial materials, and animal products to the state.

These more or less modest objectives do not indicate grandiose plans for organizing Chinese agriculture into state farms in the near future.

The operation of existing state farms has not been so successful as to instill confidence in a program of their further widespread formation. State farms have tended to place capital resources in forms with a low rate of productivity, such as buildings, rather than in operating capital with higher rates of productivity, such as machinery and equipment. 44/ The level of business management has been extremely low, high costs and extensive waste are common, equipment has not been utilized to capacity, and technical abilities of operators and repairmen have been so low as to result in machine damage. 45/ These problems have been so prevalent that in an article criticizing state farm management the results of current practice have been characterized as "bigger losses for bigger farms, smaller losses for smaller farms." 46/ This experience with state farms has been common to all Communist countries.

S-E-C-R-E-T

S-E-C-R-E-T

3. Miscellaneous State Organizations.

There are a number of miscellaneous state organizations in China which have to do with agriculture, some types being definite offshoots of the socialization process, other types being largely technical in nature. In most cases their titles are explanatory of their functions, and a simple listing gives some indication of their diversity.

a. Agrotechnical and forestry stations, which apparently carry on experimental work as well as vocational education. 47/

b. Farm tool depots, which apparently are designed to help overcome the shortage of tools in certain districts and also have responsibilities in the field of technical education. 48/

c. Breeding stations, which are set up in pastoral areas and have experimental responsibilities in addition to the duties of introducing improvements in native strains of livestock. 49/

d. Veterinary stations and substations, which are centers for the treatment of animal diseases, and may also carry out inoculation programs. 50/

e. State ranches, which apparently are the pastoral area equivalent of state farms. There are about 17 of these ranches at present in Inner Mongolia and Suiyuan. 51/ State-operated herding grounds are also mentioned. It is not known whether these are different from state ranches or just another name for the same thing. 52/

f. Machine Tractor Stations, which undertake cultivation for state farms and the larger Agricultural Producer Cooperatives. 53/ Eleven of these units were established in 1953. Prior to this date, only one or two existed in Northeast China.

These miscellaneous state organizations seem to have been set up to serve specific purposes or to meet special needs. The agrotechnical stations are by far the most numerous, there being over 2,100 of them throughout China. 54/ In most instances, these forms of state enterprises are irrelevant to the main stream of the socialization process.

S-E-C-R-E-T

4. Importance of Socialization: Comparison of the USSR and Communist China.

The tempo of the agrarian socialization in Communist China is an important social and economic factor affecting both that nation's economic capabilities and the Communist regime's vulnerabilities.

The Chinese Communists have programmed the development of their economy toward the goal of creating an industrialized nation. The requisite investment program for the accomplishment of their objectives is large in relation to the level of living, technological base, and present state of development of resources in Communist China. Under these circumstances a program of forced savings, either for internal investment or payments for capital goods imports, is an important part of domestic policy. Inasmuch as the agricultural sector still produces the greatest single share of the national wealth, it is of crucial importance to the success or failure of Communist economic goals.

A forced savings program in an agricultural country produces a classic dilemma. If the procurement program is too ambitious or the tactics used are too aggressive, the total production of wealth in the agricultural sector is apt to contract. Decreased agricultural production may result from the lowered incentives to peasants as well as from violations to their social philosophy. On the other hand, a weak or ineffective procurement program, while not seriously impairing the production of wealth, may fail to secure the level of forced savings necessary for the accomplishment of investment goals.

The classic example of an extreme solution of this dilemma is the aggressive policy followed by the USSR in the period 1928-34. The vulnerability caused by the resultant peasant disaffection in the USSR was also interestingly illustrated in World War II. That the Germans were incapable of capitalizing upon this vulnerability is irrelevant to the lessons that can be drawn from it. The obverse side of this same example is the success of the industrialization program of the USSR through the medium of forced savings, a large share of which was procured from the agricultural sector.

Between China now and the USSR then (in 1928, at the end of the New Economic Policy) a certain deceptive parallelism exists. Actually the program of agrarian socialization followed by the Chinese Communists

S-E-C-R-E-T

to date has appeared to be a shrewd attempt at resolving the dilemma. This point is sufficiently important to require illustration.

The development of socialization in the USSR during the period 1928-32 and in Communist China during the period 1950-54 is shown in Table 4.

Table 4

Development of Socialization in Communist China, 1950-54,  
and in the USSR, 1928-32

		Percent	
<u>Communist China</u>		<u>USSR 55/</u>	
<u>Peasant Households Organized</u>		<u>Peasant Households Collectivized a/</u>	
1950	10	1928	2
1951	20	1929	4
1952	40	1930	24
1953	43	1931	53
1954 Plan	58	1932	62

a. Rounded to the nearest whole number.

Superficially the two sets of data have much in common. In fact, they picture completely dissimilar programs of agricultural organization, as reflected in the column headings. In China peasant households have been organized almost entirely in Mutual Aid Teams. The Mutual Aid Team is a loose form of organization where private claims on the means of production are rather fully maintained. In contrast, in the USSR the percentage of peasant households collectivized means just that. Collectivization is an advanced form of socialization, where private claims on the means of production are virtually abrogated. Unless these distinctions are kept in mind, false inferences as to the effects of the Communists' agrarian program are likely to be drawn.

5. Conclusions.

In 1952, as land reform in China was being completed, the Chinese Communists were extremely active in the promotion of other forms of

S-E-C-R-E-T

S-E-C-R-E-T

socialized agricultural institutions. The proportion of peasants organized in some type of cooperative farming rose from 20 percent to 40 percent of all peasant households. The number of Mutual Aid Teams rose from 4.3 million to 8.3 million, and Agricultural Producer Cooperatives rose from 400 to 4,000.

In 1953 the tempo of socialization activities appeared to slow down. Consolidation, reorganization, and the activation of paper or ostensible groups organized in 1952 was as much an objective in 1953 as was continued creation of new groups. Thus in 1953 the proportion of peasant households organized increased only from 40 percent to 43 percent. The number of Mutual Aid Teams rose from 8.3 million to 10.0 million.\* The exception to the general trend in 1953 was in the Agricultural Producer Cooperatives, numbers of which rose from 4,000 to 15,000.

On the basis of plans formulated for 1954, it would appear that the government intends to resume the level and type of activity that was carried out in 1952. Thus the proportion of peasant households organized is to rise from 43 percent to 58 percent, and the number of Agricultural Producer Cooperatives is to increase from 15,000 to 45,000. It is possible that the 1954 plans are too ambitious and that a revision of policy may take place such as occurred in March 1953. If the consolidation of 1953 was successful, however, the base it provided should be sufficiently firm to enable the government to carry forward its 1954 plans.

Up to the end of 1953 the Chinese Communists had managed their agricultural socialization program with sufficient flexibility to avoid major contractions of output. There is nothing in the 1954 plans or in the Five Year Plan for 800,000 Agricultural Producer Cooperatives that would indicate a drastic revision of policy on socialization as exemplified in the organization of agriculture in Communist China through 1953.

\* See Appendix A.

S-E-C-R-E-T

S-E-C-R-E-T

APPENDIX A

INCONSISTENCIES IN CHINESE COMMUNIST CLAIMS  
WITH REFERENCE TO THE SOCIALIZATION OF AGRICULTURE

1. Discussion.

At several points in the text, apparent inconsistencies in Chinese Communist claims have been pointed out. There are so many possible reasons for contradictions to exist in Communist data that it is difficult to isolate a specific one as the controlling cause.

The specific Communist claims noted in the text as being conflicting are (a) that the percentage of organized peasants increased from 40 percent in 1952 to 43 percent in 1953 and (b) that the numbers of Mutual Aid Teams increased from 8.3 million in 1952 to 10 million in 1953.

On the basis of CIA estimates of the peasant population, the percentage growth of population organized is not sufficient to permit the formation of 1.7 million Mutual Aid Teams. That is to say, 3 percent of 360.67 is about 10.8 million persons, and 1.7 million teams would indicate a membership of about 6.3 persons per team. This is obviously too few persons per team, for, although precise figures on average family size are not available, enough is known to indicate that 6.3 persons per team are insufficient to allow for a team to be composed of 2 families.

The actual number of peasant households in a representative Mutual Aid Team is difficult to determine. The size of the team varies, of course, and available data suggest that most teams are composed of 3 to 6 families. While 3 families probably set the lower limit of team formation, there is no a priori basis for regarding 6 families as the upper limit. There are probably many teams with 8 or 10 families as members. An interesting aspect of the size of Mutual Aid Teams is the indication that the average size decreases from north to south. The data permit only a tentative assertion of such a phenomenon, but differences in the type of farming practiced from north to south are a logical factor supporting indications found in the data.

Conflicts implicit in Communist claims of numbers of teams and percentages of peasants organized can stem from a number of causes.

- 19 -

S-E-C-R-E-T

S-E-C-R-E-T

It is possible that many of the teams claimed by the Communists were merely paper organizations and that reports of the numbers of peasants organized were more realistic. It is likewise possible that the CIA estimate of the peasant population is low. Another possibility is that between 1952 and 1953 large, unwieldy teams were reduced to two or more smaller teams, thus increasing team numbers but not affecting the percentage of the peasants organized.

Whatever the reasons may be for the ambiguities in Communist claims, it is believed that the data used furnish collectively sufficient information to reach the conclusions given in the text of this memorandum.

2. Variations in Size Estimates of Mutual Aid Teams.

The Chinese Communists claim that 40 percent of the peasant households of Communist China were organized in 1952 into 8.3 million Mutual Aid Teams. This claim, when used with the CIA peasant population estimate for Communist China of 360.67 million, would indicate that the average Mutual Aid Team is composed of 3 or 4 households. Likewise, the Communist claim of 43 percent of the peasant households organized in 1953 into 10 million Mutual Aid Teams results in a figure of about 3 households per team. Another Communist claim -- that 48 million peasant households are organized into 10 million teams -- would indicate an average of 4.8 households per team. 56/

The only remaining pertinent data are the following regional figures, the application of which results in teams of between 4 and 6 households: Central-South, 57/ 31 percent of a population of 106 million peasants organized into 1.6 million teams (4 households per team); North China, 58/ a population of 27 million peasants organized into 1.1 million teams (about 5 households per team); and Sinkiang Province, 59/ 299,000 peasant households organized into 51,600 teams (5.8 households per team).

The over-all claims of the Chinese Communists, when used with the population estimate of CIA, give team sizes in terms of families that appear too low. It is possible that the Communist claims are high, that the CIA estimate of peasant population is low, or that a combination of these factors obtains.

S-E-C-R-E-T



S-E-C-R-E-T

APPENDIX B

AREA DATA ON THE SOCIALIZATION OF AGRICULTURE IN COMMUNIST CHINA

The following tables present pertinent data on the socialization of agriculture in Communist China as broken down by major administrative areas. As indicated in the text, area data are not necessarily consistent with the comparable all-China claims.

Table 5

Proportion of Peasant Households Organized in Communist China  
by Major Administrative Area a/\*  
1950-53 and 1954 Plan

<u>Area</u>	<u>Percent</u>
Northeast (Total Peasant Population 29.1 Million)	
1951	70 60/
1953	75 61/
1954 Plan	78 62/
North (Total Peasant Population 53 Million)	
1952 (March)	50 63/
1952 (December)	65 64/
1954 Plan	70 65/

\* Footnotes for Table 5 follow on p. 23.

S-E-C-R-E-T

Table 5

Proportion of Peasant Households Organized in Communist China  
by Major Administrative Area a/  
1950-53 and 1954 Plan  
(Continued)

<u>Area</u>	<u>Percent</u>
East (Total Peasant Population 93.6 Million)	
1953 (April)	40 <u>66/</u>
1953 (December)	50 <u>67/</u>
1954 Plan	60 <u>c/ 68/</u>
Central-South (Total Peasant Population 109.4 Million)	
1952	15 to 20 <u>69/</u>
1953	31 <u>70/</u>
1954 Plan	50 <u>d/ 71/</u>
Southwest (Total Peasant Population 53.7 Million)	
1952	20 <u>72/</u>
1953 Plan	40 <u>73/</u>
1953	35 <u>74/</u>
1954 Plan	50 <u>d/ 75/</u>
Northwest (Total Peasant Population 20 Million)	
1952 (August)	25 <u>76/</u>
1953 Plan	50 <u>77/</u>
1953 (December)	45 <u>78/</u>
1954 Plan	55 <u>e/ 79/</u>

S-E-C-R-E-T

S-E-C-R-E-T

Table 5

Proportion of Peasant Households Organized in Communist China  
by Major Administrative Area a/  
1950-53 and 1954 Plan  
(Continued)

<u>Area</u>	<u>Percent</u>
Inner Mongolia Autonomous Region (Total Peasant Population 1.87 Million)	
1953	70 <u>80/</u>

a. Data are for the end of the year except where the month is noted.

b. Of which 40 percent are to be in permanent Mutual Aid Teams.

c. Of which 35 percent are to be in permanent Mutual Aid Teams.

d. Of which 25 percent are to be in permanent Mutual Aid Teams.

e. Of which 18 percent are to be in permanent Mutual Aid Teams. 81/

S-E-C-R-E-T

S-E-C-R-E-T

Table 6

Organization of Mutual Aid Teams in Communist China  
by Major Administrative Area a/\*  
1951-53

<u>Area</u>	<u>Number</u>
Northeast	
1952	0.3 million <u>82</u> /
North	
1952	0.43 million <u>83</u> /
1953	1.1 million <u>84</u> /
East	
1953	2.2 million <u>85</u> /
Central-South	
1952	1.0 million <u>86</u> /
Southwest	
1952	0.86 million <u>87</u> /
1953	0.87 million <u>88</u> /
Northwest	
1952 (August)	0.62 million <u>b</u> / <u>89</u> /
1952 (December)	0.68 million <u>90</u> /
1954	10 percent increase in numbers <u>91</u> /
Inner Mongolia Autonomous Region	
1953	56.4 thousand <u>c</u> / <u>92</u> /

\* Footnotes for Table 6 follow on p. 25.

S-E-C-R-E-T

Table 6

Organization of Mutual Aid Teams in Communist China  
by Major Administrative Area a/  
1951-53  
(Continued)

- a. Data are for the end of the year except where the month is noted.  
b. Ten percent on a permanent basis.  
c. Forty-six percent on a permanent basis.

Table 7

Organization of Agricultural Producer Cooperatives  
in Communist China by Major Administrative Area a/\*  
1951-53 and 1954 Plan

Area	Number
Northeast	
1952	1,200 <u>93/</u>
1953 Plan	6,200 <u>94/</u>
1953	4,872 <u>b/ 95/</u>
1954 Plan	12,500 <u>c/ 96/</u>
North	
1951	70 <u>97/</u>
1952	1,700 <u>98/</u>
1953	6,186 <u>99/</u>
1954 Plan	12,400 <u>100/</u>

\* Footnotes for Table 7 follow on p. 27.

S-E-C-R-E-T

Table 7

Organization of Agricultural Producer Cooperatives  
in Communist China by Major Administrative Area a/  
1951-53 and 1954 Plan  
(Continued)

<u>Area</u>	<u>Number</u>
East	
1952	367 <u>101/</u>
1953 (February)	576 <u>102/</u>
1953	3,300 <u>103/</u>
1954 Plan	8,300 <u>104/</u> (10,000 <u>105/</u> )
Central-South	
1952	152 <u>106/</u>
1953	527 <u>107/</u>
1954 Plan	3,600 <u>108/</u>
Southwest	
1952	40 <u>109/</u>
1953	59 <u>110/</u>
1954 Plan	600 <u>111/</u>
Northwest	
1952	130 <u>112/</u>
1953	300 <u>113/</u>
1954 Plan	1,000 <u>114/</u>
Inner Mongolia Autonomous Region	
1953	176 <u>115/</u>

S-E-C-R-E-T

Table 7

Organization of Agricultural Producer Cooperatives  
in Communist China by Major Administrative Area a/  
1951-53 and 1954 Plan  
(Continued)

- 
- a. Data are for the end of the year except where the month is noted.
- b. The wording of the source indicates that 4,872 Agricultural Producer Cooperatives were formed in 1953. It can be shown, however, that the figure of 4,872 must include the 1,200 Agricultural Producer Cooperatives already formed in 1952. This may be concluded from the announced number of Agricultural Producer Cooperatives expected when the 1954 planned numbers are achieved.
- c. This number is based on the 1954 planned formation of 7,700 new Agricultural Producer Cooperatives.

S-E-C-R-E-T

S-E-C-R-E-T

APPENDIX C

SOURCES AND EVALUATION OF SOURCES

1. Evaluation of Sources.

The population estimates appearing in this memorandum are ORR estimates, which have not been documented. Sources of other estimates given in the text are listed below.

2. Sources.

Evaluations, following the classification entry and designated "Eval.," have the following significance:

<u>Source of Information</u>	<u>Information</u>
A - Completely reliable	Doc. - Documentary
B - Usually reliable	1 - Confirmed by other sources
C - Fairly reliable	2 - Probably true
D - Not usually reliable	3 - Possibly true
E - Not reliable	4 - Doubtful
F - Cannot be judged	5 - Probably false
	6 - Cannot be judged

"Documentary" refers to original documents of foreign governments and organizations; copies or translations of such documents by a staff officer; or information extracted from such documents by a staff officer, all of which will carry the field evaluation "Documentary" instead of a numerical grade.

Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this report. No "RR" evaluation is given when the author agrees with the evaluation on the cited document.



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S-E-C-R-E-T

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- 31 -

S-E-C-R-E-T

S-E-C-R-E-T

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S-E-C-R-E-T

S-E-C-R-E-T

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